

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

APRIL 12, 2001

IN RE:)	
)	
PETITION FOR AUTHORITY TO)	DOCKET NO.
TRANSFER CONTROL OF CAPSULE, INC.)	01-00045
TO STARTEC COMMUNICATIONS CORPORATION)	

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on February 6, 2001 for consideration of the Petition (the "Petition") of Capsule Communications, Inc. ("Capsule"), Gold & Appel Transfer, S.A. ("G & A"), the Foundation for the International Non-Governmental Development of Space (the "Foundation"), Startec Global Communications Corporation ("Startec"), and Stars Acquisition Corporation ("Stars"), pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of authority to provide utility services.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Petition

Both Capsule and Startec are certified resellers of telecommunications services and providers of operator services in Tennessee pursuant to Authority Rule 1220-4-2-.57. As stated in the Petition, Capsule, G & A, and the Foundation currently own seventy-four percent (74%) of Capsule. Pursuant to an agreement among Capsule, G & A, the Foundation, and Startec, Startec will acquire all of Capsule's outstanding stock. As part of the same transaction, Stars, a wholly owned subsidiary of Startec, will merge with Capsule, and Capsule will be the surviving corporation and a wholly-owned subsidiary of Startec.

The Petition states that the resulting transfer of control will be transparent to and have no adverse impact on Capsule's customers. According to the Petition, the transfer will be beneficial to the companies involved as well as their customers due to the combination of Startec's facilities-based services and capital base and Capsule's telecommunications assets, including Capsule's customers. Capsule's customers, the Petition states, will suffer no service interruption but will continue to receive the same quality of service they currently receive at the same rates and by the same provider.

Findings

The Directors of the Authority considered this matter at the February 6, 2001 Authority Conference. Based upon careful consideration of the Petition, the Authority finds and concludes as follows:

1. The Authority has jurisdiction over the subject matter of this Petition pursuant to Tenn. Code Ann. § 65-4-113;

2. Capsule Communications, Inc. has been granted authority to provide telecommunication services in Tennessee;

3. Ownership of the outstanding stock of Capsule will be transferred to Startec Global Communications Corp., resulting in a transfer of the authority to provide utility services granted to Capsule;

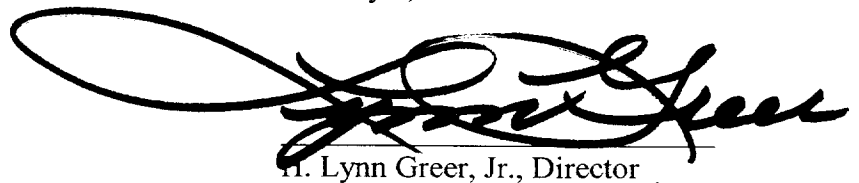
4. Approval of the transfer of authority is appropriate pursuant to the provisions of Tenn. Code Ann. § 65-4-113.

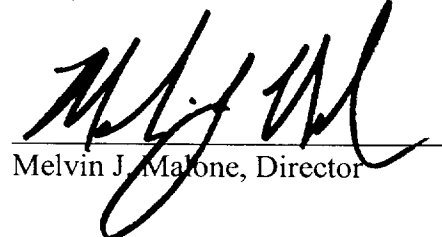
IT IS THEREFORE ORDERED THAT:

1. The Petition of Capsule Communications, Inc., Gold & Appel Transfer, S.A., the Foundation for the International Non-Governmental Development of Space, Startec Global Communications Corporation, and Stars Acquisition Corporation for approval of the transfer of authority described herein is approved; and

2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary